


Regulations the Audit Committee




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	Title Regulations the Audit Committee	
	Document #: SK D&D – Basic regulations	Date: March 30, 2021

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Article 1. Objective

- ① The objective of these regulations shall be to set forth the matters necessary for efficient composition and operation of the “Audit Committee” (hereinafter referred to as the “Committee”) in accordance with the relevant laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors of “SK D&D Co., Ltd.” (hereinafter referred to as the “Company”).
- ② Matters related to the Committee shall be governed by the regulations set forth herein, except for those matters prescribed by the relevant laws and regulations, the Articles of Incorporation, or the Regulations of the Board of Directors.

Article 2. Composition


- ① The Committee shall be comprised of more than three (3) directors.
- ② At least two-thirds (2/3) of the “Committee Members” (hereinafter referred to as the “Members”) shall be composed of outside directors, and at least one Member of the Committee shall be an accounting or finance expert as prescribed by the Commercial Act. Members who are not outside directors shall meet the requirements of Article 542-10, Paragraph 2 of the Commercial Act.
- ③ The Company shall appoint Members from among directors appointed at the General Meeting of Shareholders. However, in this case, one of the Members shall be separately appointed by the resolution of the General Meeting of Shareholders as a director appointed as a Member of the Committee.
- ④ The quorum for the appointment of the Members shall be a majority of the voting rights of the shareholders present at the meeting, but not less than a quarter (1/4) of the total number of issued shares; provided, however, if the voting rights can be exercised electronically in accordance with Article 368-4, Paragraph 1 of the Commercial Act, a resolution to appoint Members may be made with a majority of the voting rights of shareholders present at the meeting.

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- ⑤ Members may be dismissed by a resolution of the General Meeting of Shareholders pursuant to Article 434 of the Commercial Act. In this case, the Members under the proviso to Paragraph 3 shall lose both the positions of directors and Members of the Committee.
- ⑥ If the voting shares held by a shareholder exceeds 3/100 of the total number of issued except the shares without voting rights, such shareholder shall not be allowed to exercise his/her votes with respect to the shares in excess of the above limit, in the appointment and dismissal of the Members. If such shareholder is the largest shareholder, the shares owned by his/her specially related person and other persons prescribed by the Enforcement Decree of the Commercial Act shall be aggregated for appointing or dismissing a Member who is not an outside director.
- ⑦ If the number of outside directors as stipulated in Paragraph 2 above falls under due to reasons such as resignation or death during the term of office of a director, the vacancy shall be filled to meet the composition requirement of the Committee at the first General Meeting of Shareholders convened after such cause occurs.
- ⑧ The term of office of the Members shall be the period of their tenure.
- ⑨ The term of office of the Chairperson shall be one (1) year, and the Chairperson shall be eligible for reappointment unless special circumstances arise.

Article 3. Chairperson

- ① The Committee shall, by its resolution, appoint a person (hereinafter referred to as the “Chairperson”) representing the Committee. The Chairperson of the Committee shall be an outside director.
- ② The Chairperson shall represent the Committee and preside as the Chairperson at all the Committee meetings.
- ③ In case the agenda reviewed by the Committee is to be submitted to the Board of Directors, the Chairperson shall report the results to the Board.
- ④ If the Chairperson is unable to serve as the Chairperson, another Member designated by the

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Committee shall perform duties of the Chairperson.

Article 4. Convocation


- ① The meeting of the Committee shall be convened by the Chairperson of the Committee.
- ② Each Member may request the Chairperson to convene a meeting of the Committee, stating the agenda to be dealt with at the proposed meeting and the reason for convening such a meeting.
- ③ In convening a Committee meeting, a written notice thereof setting forth the time, date, place, and agenda of the meeting, shall be sent to each Member at least two (2) days prior to the date of the meeting; provided, however, that the case of emergency or with unanimous consent of all Members shall be an exception.

Article 5. Method of Resolution

The quorum for the Committee meeting shall be a majority of all Members in office. All resolutions of the Committee shall be adopted by a majority of the Members present at the meeting.

Article 6. Function and Authority


- ① The Committee shall audit the accounts and corporate affairs of the Company, and deal with matters delegated by the Board of Directors in accordance with the relevant laws and regulations, the Articles of Incorporation, or the Regulations of the Board of Directors.
- ② The matters under authority of the Committee are as follows:
 1. Request for convening of the Board of Director meeting;
 2. Request for convening of Extraordinary General Meeting of Shareholders;
 3. Request for injunction against illegal acts of directors;
 4. Request for business reporting to directors;
 5. Representation in lawsuits between directors and the Company;

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6. Receipt of reports from directors on facts that are likely to cause significant damage to the Company;
7. Investigation of business and property status;
8. Request for sales reports to subsidiaries to perform duties;
9. Request for appointment or dismissal of an independent auditor;
10. Receipt of and evaluation on internal accounting management system operation reports;
11. Review of annual internal audit plan and results; and
12. Matters pursuant to the other relevant laws and regulations, the Articles of Incorporation or the Regulations of the Board of Directors, and matters delegated by the Board of Directors.

③ The responsibilities of the Committee are as follows:

1. Preparation and submission of audit report;
2. Investigation of agenda and documents at the General Meeting of Shareholders;
3. Listening to the opinions of the auditor for the previous fiscal year;
4. Report on violations of laws and the Articles of Incorporation by directors;
5. Report of evaluation on internal accounting management system operation;
6. Preparation of evaluation guidelines and procedures necessary for appointment of an independent auditor;
7. Holding a face-to-face meeting for the appointment of an independent auditor and documentation of the evaluation results, etc.;
8. Documentation of audit fee, audit time, and human resources when appointing an independent auditor, and confirmation of the compliance of audit reports submitted by the auditor; and
9. Matters pursuant to the other relevant laws and regulations, the Articles of Incorporation, or the Regulations of the Board of Directors.

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Article 7. Listening to Opinions of Concerned Parties

- ① The Committee, if necessary for executing duties, may require relevant officers and employees of the Company, and an independent auditor to attend the meeting of the Committee and request the submission of relevant materials or statements of opinion.
- ② The Committee, if necessary, may seek advice from external experts, etc. at the expense of the Company by a resolution of the Committee.

Article 8. Meeting Minutes


- ① The proceedings and discussions of the Committee shall be documented in the minutes of meeting.
- ② The minutes of meeting shall include the agenda, the substance of the proceedings of the Committee and the result thereof, name(s) of Member(s) who raise(s) an objection to the Committee resolution and the reason therefor, and shall be recorded in the minutes on which the names and seals of the Members present shall be affixed or signed by such persons.

Article 9. Audit Minutes

- ① The Committee shall prepare an audit minute for each audit.
- ② The audit minute shall include the method to conduct the audit and results thereof, and each Member who has conducted such audit shall affix his/her seal or signature thereon.

Article 10. Amendment of the Regulations

The amendment of these Regulations is determined by a resolution of the Board of Directors.

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Addendum

Article 1. Date of Enforcement

This Regulations of the Committee shall be effective on and after March 30, 2021.